U.S. Federal Budget Reform

A Plain-English Explanation of Every Policy Change

Three-Fund Structure · FY2025 Baseline → +$1,004B General Fund Surplus

32 policy reforms · Universal healthcare (M4A Trust Fund) · Social Security solvent 75+ years

Executive Summary

What this document covers

The FY2025 federal deficit stands at $1,854 billion. This document explains 32 policy reforms across six categories that close that gap — and go further — while simultaneously making Social Security solvent for 75+ years and providing universal healthcare to all 330 million Americans.

Fund	Type	Balance	Improvement vs. baseline
General Fund	On-budget	+$1,016B surplus	Part of +$2,870B swing
M4A Trust Fund	Off-budget	Self-financing	Universal healthcare for 330M
SS Trust Fund	Off-budget	+$55B surplus	2033 depletion crisis eliminated
Consolidated total	All funds	+$1,074B surplus	Up from ($1,854B) deficit — +$2,870B

The 32 general fund reforms span: individual income tax restructuring (12 policies, +$669.7B/yr revenue less −$70B/yr double deduction = net +$599.7B); corporate tax reform — 12 loophole closure policies, +$229.7B/yr, corporate rate unchanged at 21%; six spending reductions (−$172B/yr); estate tax restoration (+$60B/yr); and bank/SIFI levy (+$22B/yr). Net general fund surplus: +$1,016.4B/yr (GF revenue $4,716.4B less outlays $3,700B).

Medicare for All is structured as a dedicated off-budget Trust Fund, matching how Germany, France, Canada, and Japan finance universal healthcare. It is funded by a 10.7% employer payroll contribution (replacing insurance premiums), a 4% employee contribution on income above $29,000, a new 4% levy on non-wage income (capital gains, dividends, rental income — the French CSG model), and existing Medicare FICA redirected to the Trust Fund. No congressional vote is needed for routine cost management — four pre-authorised governance layers keep costs contained over a 20-year horizon.

Separately, lifting the Social Security payroll cap — removing the $168,600 wage ceiling on the 12.4% FICA tax — generates $337.3B/yr into the SS Trust Fund. This eliminates the projected 2033 Trust Fund depletion that would otherwise trigger an automatic 21% benefit cut for 73 million current beneficiaries.

Three-Fund Structure — Final Fiscal Position

Policy area	Category	Annual ($B)	10-year ($B)	Fund
Individual income tax reforms (A1–A11, net of A12 deduction)	Revenue	+$599.7	+$5,997	General Fund
Corporate loophole closures (B1–B12)	Revenue	+$229.7	+$2,297	General Fund
Spending reductions (D1–D6)	Spending	−$172	−$1,720	General Fund
M4A employer payroll (10.7%)	M4A revenue	+$1,230	+$12,300	M4A Trust
M4A employee contribution (4% >$29K)	M4A revenue	+$480	+$4,800	M4A Trust
Non-wage income levy (4%, French CSG-style)	M4A revenue	+$232	+$2,320	M4A Trust
Estate tax restoration (F1)	Other revenue	+$60	+$600	General Fund
Bank/SIFI levy (F2)	Other revenue	+$22	+$220	General Fund
SS payroll cap lift (wages >$168,600)	SS revenue	+$337.3	+$3,373	SS Trust

How to Read This Document

Each policy is presented as a card with six fields: the annual revenue impact or spending change, the 10-year total, who is affected, a feasibility rating (High / Medium / Low), the source of the estimate, and a plain-English explanation of what the policy does and what tradeoffs it involves.

This document is organised into eight sections:

- The Problem — why the current budget cannot be fixed by spending cuts alone
- Category A — Individual Income Tax Reforms (12 policies; net +$599.7B/yr after double deduction)
- Category B — Corporate Loophole Closures (12 policies, +$229.7B/yr) — rate stays 21%
- Category C — M4A Healthcare Trust Fund (how it is structured and governed)
- Category D — Spending Reductions (6 policies, −$172B/yr)
- Category F — Other Revenue: Estate Tax + Bank Levy (2 policies, +$82B/yr)
- Category E — Social Security Reform (1 policy, +$337.3B/yr to SS Trust Fund)
- What This Means For You — impact on individuals and businesses
- Appendix — accompanying spreadsheet guide

A note on estimates

All annual figures are mid-range estimates after accounting for behavioural responses — i.e. how taxpayers and businesses change their behaviour when rules change. Sources include the Joint Committee on Taxation (JCT), Congressional Budget Office (CBO), RAND Corporation, IRS Statistics of Income, OECD, and peer-reviewed academic research. A supplemental document titled “U.S. Budget Reform: Policy Impact Calculations” goes into detail on how the impact value for each policy was derived.

The Problem: Why the Current Budget Is Unsustainable

Before explaining the reforms, it is worth being precise about what is actually broken and why. The federal budget crisis is not primarily a spending discipline problem — it cannot be solved by cutting waste or trimming discretionary programmes. It is a structural mismatch between three enormous, growing obligations and a tax system that has not kept pace with them. Understanding the problem is what makes the solution legible.

$1,854B	$36.6T	$892B
FY2025 deficit 6.6% of GDP — highest since WWII outside of 2008–09 and COVID	**National debt** 108% of GDP — above the post-WWII peak of 106% in 1946	**Net interest (FY2025)** More than the entire defence budget — and growing every year

Problem 1: Interest payments now rival the defence budget — and compound automatically

The federal government paid $892 billion in net interest on the national debt in FY2025. The entire Department of Defense budget — all branches of the military, nuclear weapons, the VA, and overseas operations — costs $899 billion. Americans are spending almost as much on the interest on past borrowing as on the entire defence establishment. Unlike any other line in the budget, interest cannot be negotiated, deferred, or cut. It is a legal obligation that must be paid first, before a dollar goes to schools, roads, hospitals, or the military.

What makes this especially dangerous is compounding. When the government runs a deficit, it borrows to cover the gap — adding to the debt. That additional debt generates additional interest next year, which widens the deficit further, which requires more borrowing. At current trajectory, the CBO projects interest payments will exceed $1.6 trillion per year by 2034 — surpassing Social Security as the single largest line item in the federal budget.

The interest trap

In FY2025, every $100 the federal government spends, $12.70 goes to interest payments alone — producing nothing, building nothing, helping no one. A family that spent 12.7% of its income just to service debt it continues to add to would be considered in a financial crisis. The only exits are: run surpluses to pay down debt, grow the economy faster than the debt grows, or face a debt spiral. This document pursues the first two simultaneously — the three-fund model generates a +$1,073.7B consolidated surplus, driving debt/GDP below 60% by approximately 2032 under the full model scenario.

Problem 2: The US healthcare system is the most expensive in the world — and produces worse outcomes

The United States spends approximately $4.5 trillion per year on healthcare — $13,500 per person. The next most expensive country is Germany at roughly $7,400 per person. The US spends nearly twice as much per capita as comparable wealthy nations, yet has lower life expectancy, higher infant mortality, worse chronic disease outcomes, and leaves approximately 30 million people without any coverage at all. This is not a debate about the quality of American doctors or hospitals — it is a structural problem with how healthcare is financed and administered.

$13,500	~30M	12–15%	77.5 yrs
US healthcare spend Per person per year — nearly 2× the next highest country	**Uninsured Americans** Plus millions more underinsured with inadequate coverage	**Admin overhead** Of all healthcare spending — vs 2–3% in single-payer systems	**US life expectancy** Below the OECD average despite highest spending in the world

The federal government's direct exposure to this broken system is enormous. Medicare ($987B/yr) and Medicaid ($616B/yr) together consume $1.6 trillion per year — 22% of the entire federal budget. Both programmes face structural cost growth: Medicare because the population is ageing rapidly (10,000 baby boomers turn 65 every day), and Medicaid because low-income households bear the greatest burden of the chronic disease epidemic that the fragmented private system fails to prevent. Drug prices — which the US government is uniquely prohibited from negotiating meaningfully — are 2.5 to 4 times higher than in comparable countries for the same medicines.

The private insurance layer adds a second structural failure. Approximately 12–15 cents of every dollar spent on health insurance in America goes to administration: billing codes, prior authorisations, claims disputes, network management, and insurance company profit. None of this administrivia produces a single unit of healthcare. It employs hundreds of thousands of people in jobs that exist solely because the system is so fragmented. In Canada, the administrative overhead of the single-payer system is approximately 2–3 cents per dollar. That difference — roughly $400 billion per year — is pure structural waste.

The conclusion is unavoidable: you cannot fix the federal budget without fixing healthcare. Healthcare is not one line in the budget — it is the line that will consume everything else if left unreformed. Every analysis that claims to balance the budget through spending cuts while leaving the healthcare system intact is either cutting Social Security, cutting defence, or not actually balancing the budget.

Why Medicare for All is a fiscal argument, not just a moral one

The case for M4A in this document is primarily economic. A system that costs $13,500 per person per year and leaves 30 million people uninsured is not a healthcare system — it is a healthcare finance catastrophe. M4A does not add costs to the consolidated federal budget. It is funded through a dedicated off-budget Trust Fund — self-financing from employer

payroll contributions (10.7%), employee contributions (4% on income above $29K), a French-style levy on investment income (4% on capital gains, dividends, and rental income), and the existing Medicare FICA tax redirected to the Trust Fund. Total system spending falls from $4.5 trillion to $2.6 trillion annually through drug price reform, provider rate normalisation, and administrative efficiency.

Problem 3: Social Security faces depletion in 2033 — an automatic 21% cut without a vote

Social Security is the single most important anti-poverty programme in American history. Before Social Security, elderly poverty was endemic — over 50% of Americans over 65 lived in poverty in the 1930s. Today that figure is below 10%. Social Security is the primary or sole source of income for approximately 40% of retirees. For the bottom fifth of retirees by income, it provides over 90% of their total income. It is, in the most literal sense, what stands between millions of elderly Americans and homelessness.

73M	$22,000	~2033	$17,380
Current beneficiaries Retirees, disabled workers, survivors, dependents	**Average retirement benefit** Per year — primary income for ~40% of retirees	**Projected depletion** 8 years away — automatic 21% cut triggers with no Congressional vote	**Benefit after depletion** Per year — a $4,620 annual loss for every retiree

The Trust Fund — the accumulated surplus from decades when Social Security collected more than it paid out — currently holds approximately $2.8 trillion in Treasury bonds. But it is being drawn down at roughly $41 billion per year today, with that shortfall growing by approximately $8 billion per year as the baby boomer generation ages into retirement. On current trajectory, the Trust Fund is depleted around 2033. Under existing law, Social Security must then automatically cut benefits to match incoming payroll tax revenue — a cut of approximately 21%. This happens automatically, with no act of Congress required. There is no override mechanism, no emergency backstop, and no warning system for individual beneficiaries.

A 21% benefit cut in 2033 would be catastrophic for a specific and vulnerable population: Americans who built their retirement plans around the Social Security benefit they were promised, who are too old to re-enter the workforce, and who have no other meaningful income. The average beneficiary cannot absorb a $4,620 annual cut. Many are already choosing between food, medication, and rent. A cut of this scale would directly increase elderly homelessness, malnutrition, and preventable mortality among the most vulnerable population in the country.

The root cause is simple: the 12.4% FICA payroll tax is capped. Only wages up to $168,600 are subject to it. A worker earning $50,000 pays Social Security tax on 100% of their wages. A CEO earning $5 million pays on 3.4% of their wages — and then stops contributing. The cap made some sense when Social Security was designed in the 1930s and income inequality was lower. In an era where the top 1% capture roughly

20% of all national income, the cap has become the primary reason the system is heading toward insolvency. Removing it is the most direct, equitable, and structurally sound fix available.

The priority sequence: healthcare first, then Social Security, then the deficit

These problems must be addressed in the right order because they are structurally linked. You cannot meaningfully reduce the deficit without reforming healthcare — healthcare is the deficit. You cannot ask elderly Americans to accept any fiscal sacrifice while their retirement income faces an automatic cut in 8 years. And you cannot stabilise the debt-to-GDP ratio through spending cuts alone — the arithmetic simply does not work. The bottom 40% of federal discretionary spending — everything except defence, Social Security, Medicare, Medicaid, and interest — totals approximately $800 billion. Eliminating it entirely would not close the $1,854 billion deficit. You can only fix this with revenue, and the revenue must come from those who have benefited most from the economy that the rest of the country built.

Problem 4: You cannot cut your way out — the arithmetic of deficit reduction

A common political instinct is that fiscal problems should be solved by cutting spending. This instinct is worth testing against the actual numbers, because the numbers are unambiguous.

$1,854B	$1,708B	$809B
FY2025 deficit The gap that needs to be closed	**All discretionary spending** Defence $899B + non-defence $809B — every federal programme not named SS/Medicare/Medicaid/Interest	**Non-defence discretionary** Education, transport, housing, environment, justice, science, diplomacy — all of it

To close a $1,854 billion deficit through spending cuts alone, you would need to eliminate the entire non-defence discretionary budget — every school, road, national park, court, diplomat, scientist, and law enforcement agent — more than twice over ($809B × 2 = $1,618B, still $236B short). Or you would need to eliminate every discretionary programme including the entire military ($1,708B combined) — and even that still leaves a $146B gap. Or you would need to cut Social Security and Medicare by roughly 60%. None of these is remotely feasible, and the spending-cut path would be economically catastrophic.

The more honest version of the spending-cut argument is 'cut waste and fraud.' The GAO estimates $175–300 billion per year in improper payments and fraud — real money, and this document recovers $55 billion of it through Policy D1. But even recovering every dollar of government waste and fraud would close less than 16% of the deficit. Waste reduction is necessary and included here, but it is a complement to revenue reform, not a substitute for it.

The United States collects less tax revenue as a share of GDP than almost any other wealthy country. Federal revenue in FY2025 was approximately 18.5% of GDP. The OECD average is approximately 25%. Germany collects 25%. France 30%. The UK 27%. Even Canada — often cited as a free-market model — collects 24%. The US is not overtaxed by any international standard. It is uniquely undertaxed relative to its spending commitments.

Country	Tax revenue % GDP	Universal healthcare?	Retirement security	National debt % GDP
United States (FY2025)	18.5%	No (30M uninsured)	At risk (2033)	108%
Germany	25.0%	Yes	Stable	66%
Canada	24.2%	Yes	Stable	42%
United Kingdom	27.1%	Yes	Stable	100%
France	30.2%	Yes	Stable	112%
After this reform	~22.3% (GF only)	Yes — M4A Trust Fund	Solvent 75+ years	↓ Falling — 60% by ~2032

Problem 5: Decades of tax erosion have shifted burdens downward

The 2017 Tax Cuts and Jobs Act cut the corporate rate from 35% to 21% and added approximately $1.9 trillion to the 10-year deficit. It created a new 20% deduction for pass-through business income that primarily benefits the wealthiest business owners. It cut the top marginal income tax rate and doubled the estate tax exemption. These were deliberate policy choices with real fiscal consequences — not acts of nature. They can be reversed or modified.

Over the longer term, the US tax code has accumulated hundreds of billions of dollars in annual preferences, loopholes, and special-interest carve-outs: offshore profit-shifting by multinationals, carried interest treatment for hedge fund managers, the step-up in basis at death that permanently erases capital gains, real estate depreciation strategies that allow wealthy investors to report paper losses against real income, and a Social Security tax cap that exempts the highest earners from contributing proportionally to the system.

None of these preferences require cutting a single government service to eliminate. They are revenue that the government has forgone by writing specific exceptions into the tax code. Closing them is not raising taxes — it is collecting taxes that are already theoretically owed but legally avoided.

The bottom line: what this document is and is not

This document is not a proposal to dramatically expand government or impose European-style social democracy on the United States. It is a proposal to: (1) replace a uniquely dysfunctional healthcare financing system with one that covers everyone at lower total cost through a self-financing dedicated Trust Fund; (2) fix Social Security before it inflicts automatic harm on the most vulnerable retirees; (3) close a structural fiscal gap primarily by asking the highest earners and most profitable corporations to pay rates closer to what they paid before 2001 or what comparable countries pay today — with the corporate rate kept at 21%; and (4) reduce wasteful spending in procurement, contractor costs, and fraud. No Social Security benefits are cut. No Medicare or Medicaid benefits are cut. No department budget for education, transport, housing, environment, justice, diplomacy, or defence is reduced. The fiscal improvement is achieved entirely through closing loopholes, restructuring healthcare into a dedicated Trust Fund, and fixing Social Security.

Category A — Individual Income Tax Reforms

12 policies · +$669.7B/yr new revenue · −$70B/yr double deduction GF cost · Net +$599.7B · Affects: primarily top 1–5% of earners; double deduction benefits all single M4A contributors

The TCJA (2017) extended significant tax cuts to high-income households through bracket reductions, the §199A pass-through deduction, and multiple other provisions. These 11 policies close loopholes and add progressive brackets that only affect households earning above $5 million. Income tax is unchanged for every American earning under $5 million — including all four income levels modelled in this document.

A1 New 60% bracket — income $5M–$10M	**Annual impact** **+$220B**	**10-year total** +$2,200B	**Feasibility** **High**	**Who is affected** ~18,000 filers

Source: *JCT interpolation; 20% behavioral haircut*

Creates a new federal income tax bracket of 60% applying only to individual income between $5 million and $10 million per year. Currently this income is taxed at 37%. Approximately 18,000 tax filers have income in this range — less than 0.01% of the population. The 20% behavioral haircut accounts for income shifting, charitable giving acceleration, and other avoidance strategies. Historical precedent: top federal rates were above 70% from 1936 to 1980.

A2 New 75% bracket — income above $10M	**Annual impact** **+$124B**	**10-year total** +$1,240B	**Feasibility** **High**	**Who is affected** ~6,000 filers

Source: *JCT; combined A1+A2 = $344B/yr*

Creates a 75% bracket on individual income above $10 million per year. Approximately 6,000 tax filers report income above this threshold. Combined with A1, the two new brackets generate $344B/yr. At this income level, the marginal dollar earned is the product of accumulated wealth, not additional labour — the labour supply response to a rate change is negligible.

A3 Capital gains 30% on gains above $2M	Annual impact **+$18.6B**	10-year total +$186B	Feasibility **High**	Who is affected ~50,000 filers

Source: *JCT; 25% behavioral haircut*

Raises the capital gains rate to 30% for realised gains above $2 million per year. Currently long-term capital gains face a maximum rate of 23.8% (20% plus the 3.8% NIIT). This reform affects approximately 50,000 filers — those selling large positions in stocks, real estate, or businesses. The 25% behavioral haircut accounts for tax-loss harvesting, holding period extension, and charitable donation of appreciated assets.

A4 Step-up basis at death reform	Annual impact **+$53B**	10-year total +$530B	Feasibility **High**	Who is affected Large estates

Source: *CBO 2024*

Currently, when inherited assets are sold, capital gains are calculated from the date of inheritance — not the original purchase price. This means decades of gains permanently escape taxation. This reform taxes the embedded gain at death for estates above $5 million, while exempting the family home and small business assets. The $5 million exemption means this only affects approximately 13,000 estates annually.

A5 NIIT expansion to pass-through owners	Annual impact **+$44B**	10-year total +$440B	Feasibility **High**	Who is affected High-income S-corp/partnership owners

Source: *CBO 2025*

The 3.8% Net Investment Income Tax currently exempts income from S-corporations and partnerships where the owner materially participates. This exemption was an administrative anomaly — these owners benefit from the same capital appreciation as passive investors but pay no NIIT. This reform closes the exemption for owners with income above $400,000.

A6 Maintain SALT cap at $10,000	Annual impact **+$110B**	10-year total +$1,100B	Feasibility **High**	Who is affected Itemisers in high-tax states

Source: *JCT TCJA score*

The $10,000 cap on state and local tax (SALT) deductions was introduced by the TCJA. Allowing this cap to expire or be raised would cost $110B/yr, primarily benefiting high-income households in California, New York, New Jersey, and Illinois. This reform maintains the cap. Note: this is the most politically controversial policy in the document, as it has bipartisan opposition from representatives of those states.

A7 Mortgage interest deduction reform	Annual impact **+$28B**	10-year total +$280B	Feasibility **High**	Who is affected High-value mortgages and second homes

Source: *JCT 2024*

Caps the mortgage interest deduction at $20,000 per year and eliminates it for second homes. The current deduction is unlimited in practice for mortgages up to $750,000. This reform is targeted at large mortgages and investment properties — the median US mortgage holder with a $300,000 loan pays approximately $12,000–15,000 in annual interest and is fully protected by the $20,000 cap.

A8 Charitable deduction reform (above 2% AGI)	Annual impact **+$35B**	10-year total +$350B	Feasibility **Medium**	Who is affected High-income donors

Source: *CBO 2025*

Currently any charitable donation is fully deductible. This reform requires donations to exceed 2% of adjusted gross income before deductions begin. For a household earning $500,000, the first $10,000 in charitable giving is no longer deductible; amounts above are fully deductible. This eliminates the use of charitable deductions as a general tax reduction strategy while preserving full incentives for significant philanthropic giving.

A9 Real estate passive loss reform	Annual impact **+$8B**	10-year total +$80B	Feasibility **High**	Who is affected Rental property investors

Source: *JCT*

Currently landlords can deduct real estate losses against ordinary income without limit. This creates a significant tax shelter that primarily benefits high-income investors who combine real estate losses with labour income. This reform limits passive real estate losses to offset only other passive income, consistent with how other investment losses are treated.

A10 Qualified Opportunity Zone reform	Annual impact **+$5B**	10-year total +$50B	Feasibility **High**	Who is affected QOZ investors

Source: *JCT*

The Opportunity Zone programme was created by the TCJA to encourage investment in designated low-income areas by deferring and reducing capital gains taxes. In practice, many QOZ designations have benefited already-developing areas and wealthy investors rather than distressed communities. This reform tightens eligibility criteria and reporting requirements to target genuine community development.

A11 Stock loan / SBLOC income tax	Annual impact **+$24.1B**	10-year total +$241B	Feasibility **Medium**	Who is affected Ultra-high-net-worth borrowers

Source: *Equitable Growth 2024*

Ultra-wealthy individuals routinely borrow against stock portfolios (securities-backed lines of credit, SBLOCs) to fund consumption without selling shares — thereby permanently avoiding capital gains tax. This reform treats loan proceeds secured by appreciated assets as taxable income above $5 million in borrowing. This closes what has been called the 'buy, borrow, die' tax avoidance strategy.

A12 M4A double deduction — single filers	Annual impact **−$70B GF cost**	10-year total −$700B (10-yr)	Feasibility **High**	Who is affected All single filers contributing to M4A

Source: *JCT methodology; self-employed health insurance deduction precedent*

Single filers may deduct 200% of their M4A employee contribution from taxable income. If you contribute $2,840 (at $100K income), you deduct $5,680 — saving approximately $1,250 in income tax. Modelled on R&D super-deductions used in the UK, Australia, and Canada to make policy transitions politically viable. Precedent: self-employed workers already deduct 100% of health insurance premiums; W-2 employees cannot. This reform extends that principle with a 2x multiplier to offset the higher M4A contribution single earners face vs current employer-sponsored insurance. GF cost ~$70B/yr funded from the general fund surplus — does not affect M4A Trust Fund. Key outcomes: $100K single earner saves $611/yr vs current ESI; $150K earner pays only $316/yr more; $200K earner net increase falls from $4,639 to $1,356 (+$113/mo).

Category B — Corporate Loophole Closures

12 policies · Annual revenue: +$229.7B · 10-year: +$2,297B · Corporate rate stays at 21%

Important: Corporate rate unchanged at 21%

The corporate income tax rate remains at 21% — the TCJA rate. The 12 policies in this category close specific loopholes and offshore avoidance mechanisms. The decision to keep the rate at 21% reflects the competitive landscape: a 30% rate would put the US above Germany (30.06%) and France (25.8%) in the OECD, and the 2021 OECD Pillar Two minimum tax (15% effective floor) has already significantly reduced the benefit of offshore rate shopping. The loophole closures raise $229.7B/yr without rate risk.

B1 Carried interest — ordinary income tax	**Annual impact** **+$6.3B**	**10-year total** +$63B	**Feasibility** **High**	**Who is affected** Private equity / hedge fund managers

Source: *JCT; bipartisan support*

Fund managers currently pay the capital gains rate (20–23.8%) on their share of fund profits (carried interest), even though this income compensates for their labour managing other people's money. This reform taxes carried interest as ordinary income. Bipartisan support exists across multiple administrations. Revenue is modest because the population is small (~3,000 fund managers).

B2 GILTI reform — offshore profit shifting	**Annual impact** **+$50B**	**10-year total** +$500B	**Feasibility** **High**	**Who is affected** Multinationals with offshore subsidiaries

Source: *JCT; ITEP*

The Global Intangible Low-Taxed Income (GILTI) provision taxes US multinationals on offshore profits, but the effective rate is only 10.5% — well below the domestic rate. This reform raises GILTI to 15% (the OECD Pillar Two minimum) and eliminates the 'substance-based income exclusion' that allows companies to shelter offshore profits. The OECD minimum tax framework makes this reform more defensible internationally.

B3 FDII deduction repeal	Annual impact **+$22.4B**	10-year total +$224B	Feasibility **High**	Who is affected Export-related IP income

Source: *JCT*

The Foreign-Derived Intangible Income (FDII) deduction was intended to incentivise companies to keep intellectual property in the US by taxing their export income at a reduced 13.1% rate. In practice it has functioned as a windfall for tech and pharmaceutical companies with existing IP, rather than creating new investment incentives. Repealing it brings export income back to the standard corporate rate.

B4 §1031 like-kind exchange reform	Annual impact **+$6B**	10-year total +$60B	Feasibility **High**	Who is affected Commercial real estate investors

Source: *JCT*

Section 1031 of the tax code allows real estate investors to defer capital gains indefinitely by swapping one property for another. This creates a permanent capital gains tax deferral that the heirs then eliminate through step-up basis at death (addressed in A4). This reform caps §1031 deferrals at $500,000 per year per taxpayer, eliminating the unlimited deferral for large real estate investors.

B5 Oil & gas deduction reform	Annual impact **+$4B**	10-year total +$40B	Feasibility **High**	Who is affected Oil & gas producers

Source: *JCT; CBO*

The oil and gas industry benefits from several unique deductions not available to other industries, including intangible drilling cost expensing and percentage depletion. This reform eliminates these special treatments for producers with more than $50 million in annual revenue, placing them on the same footing as other capital-intensive industries.

B6 Corporate inversion reform	Annual impact **+$5B**	10-year total +$50B	Feasibility **High**	Who is affected US corporations with offshore headquarters

Source: *JCT; Treasury*

Corporate inversions — where US companies reincorporate in tax-haven countries while retaining US operations — remain a mechanism for avoiding US tax. This reform strengthens anti-inversion rules, including tighter economic substance requirements and expanded covered-transaction definitions. The OECD Pillar Two framework has already reduced inversion incentives, making this reform easier to implement.

B7 Excess executive compensation §162m	Annual impact **+$3B**	10-year total +$30B	Feasibility **High**	Who is affected Public company executives

Source: *JCT*

Section 162(m) limits the corporate tax deduction for executive compensation above $1 million. The TCJA removed the 'performance pay' exception, but loopholes remain for certain deferred compensation and post-employment payments. This reform closes remaining exceptions and extends the provision to cover more executives at each company.

B8 BEAT anti-profit-shifting reform	Annual impact **+$15B**	10-year total +$150B	Feasibility **High**	Who is affected Large multinationals

Source: *JCT; CBO*

The Base Erosion and Anti-Abuse Tax (BEAT) imposes a minimum tax on large multinationals that make large deductible payments to foreign affiliates, reducing US taxable income. The current rate (10%) and base erosion threshold are too low to be effective. This reform raises the BEAT rate to 12.5% and broadens the definition of base erosion payments.

B9 Bonus depreciation phase-out	Annual impact **+$35B**	10-year total +$350B	Feasibility **Medium**	Who is affected Capital-intensive businesses

Source: *JCT; CBO*

The TCJA allowed businesses to immediately expense 100% of capital investments (bonus depreciation). This is scheduled to phase down to 0% by 2027. This reform accelerates the phase-down and makes it permanent, returning depreciation to standard economic life schedules. This is not a tax increase on investment — it is a timing adjustment. The full cost is eventually deducted; it simply takes longer.

B10 §199A pass-through deduction reform	Annual impact **+$50B**	10-year total +$500B	Feasibility **High**	Who is affected High-income pass-through owners

Source: *JCT; ITEP*

The §199A deduction allows pass-through business owners (S-corps, partnerships, sole proprietors) to deduct 20% of qualified business income. This reform limits the deduction for owners with income above $400,000, where it functions primarily as a tax shelter for high-income professionals (lawyers, consultants, financial advisors) rather than as a genuine small business incentive.

B11 IP / patent box offshore shifting	**Annual impact** **+$25B**	**10-year total** +$250B	**Feasibility** **High**	**Who is affected** Tech and pharma with offshore IP

Source: *State of Tax Justice 2024; JCT*

US multinationals routinely transfer intellectual property to low-tax jurisdictions, then charge the US parent royalties to shift profits offshore. This reform combines stronger transfer pricing rules, enhanced IP withholding taxes, and tighter anti-conduit rules to prevent IP-based profit stripping. The OECD Pillar Two framework provides an international floor that supports these reforms.

B12 Cost segregation reform	**Annual impact** **+$8B**	**10-year total** +$80B	**Feasibility** **High**	**Who is affected** Real estate developers

Source: *JCT*

Cost segregation is an accounting strategy that allows real estate investors to accelerate depreciation by reclassifying building components (wiring, plumbing, carpeting) as personal property with shorter depreciation lives. This reform limits cost segregation to its original intended use (industrial property) and establishes minimum economic substance standards.

Category C — M4A Healthcare Trust Fund

Off-budget dedicated trust fund · Self-financing · Covers all 330 million Americans

M4A is structured as an independent off-budget trust fund — matching the model used by Germany (Krankenkassen statutory funds), France (Assurance Maladie / CSG), Canada (provincial health funds), and Japan (Shakai Hoken). The Trust Fund is fully self-financing from five dedicated revenue sources. No general fund transfer is required.

What M4A Covers

M4A replaces Medicare, Medicaid, CHIP, the ACA marketplace, and private employer-sponsored insurance with a single federal programme covering every US resident. There are no premiums, no deductibles, no provider networks, no prior authorisation requirements, and no surprise bills. The benefit package is broader than any current insurance product — combining the best elements of Medicare, Medicaid, and commercial plans into a single comprehensive standard.

Benefit	Coverage under M4A	Current system comparison
Hospital care	Full inpatient and outpatient coverage. All medically necessary hospital services, surgery, ICU, emergency care.	Covered under most plans but subject to deductibles ($1,600–$3,500/yr), coinsurance (20%), and out-of-pocket maximums ($8,000–$15,000/yr).
Physician and specialist care	All medically necessary visits to any licensed physician or specialist. No referrals required. No network restrictions — any provider in the US.	Network restrictions apply in most plans. Out-of-network care can cost 2–3× in-network rates. Referrals often required for specialists.
Prescription drugs	All FDA-approved prescription medications covered. Prices negotiated nationally — 40–70% below current US levels (RAND 2021). No formulary tiers or step therapy.	Covered in Medicare Part D and most commercial plans, but subject to tiered formularies, step therapy, and high cost-sharing. Brand drugs average 2.5× OECD price.
Mental health and substance use	Full parity with physical health coverage. All inpatient, outpatient, and residential treatment. No visit limits, no prior authorisation for standard care.	Mental health parity is legally required but routinely violated in practice. Prior auth for inpatient psychiatric care is nearly universal. Many plans cap outpatient sessions.

Benefit	Coverage under M4A	Current system comparison
Dental care	Comprehensive dental coverage: preventive (cleanings, X-rays), restorative (fillings, crowns, root canals), and emergency dental care.	Not covered by standard Medicare. Covered in Medicaid for children (often not adults). Excluded from most employer plans or requires separate dental insurance ($350–$600/yr premium).
Vision care	Routine eye exams, prescription glasses and contact lenses, and treatment of eye disease.	Not covered by standard Medicare. Excluded from most employer plans or requires separate vision insurance (~$200/yr premium). Glasses/contacts are large out-of-pocket expenses.
Hearing care	Hearing exams, hearing aids, and related services.	Not covered by standard Medicare (hearing aids can cost $3,000–$7,000 out of pocket). Rarely covered by employer plans.
Long-term care	Home health services, skilled nursing, and long-term residential care for those who need it — no asset spend-down required.	Medicare covers short-term skilled nursing only (up to 100 days). Long-term care requires spend-down of nearly all assets to qualify for Medicaid. Private long-term care insurance is expensive and declining.
Reproductive and maternal care	All reproductive health services, prenatal care, labour and delivery, postpartum care, contraception, and family planning.	Covered under ACA-compliant plans but access varies by state. High cost-sharing for delivery ($3,000–$6,000 out of pocket is common even with insurance).
Emergency care	All emergency services at any facility in the US. No network restrictions. No balance billing or surprise bills.	Surprise billing reform (No Surprises Act 2022) addressed some cases but gaps remain. Emergency out-of-network billing still affects millions of patients annually.
Preventive care	All USPSTF-recommended preventive services: cancer screenings, immunisations, well-child visits, chronic disease management.	Covered under ACA-compliant plans at zero cost-sharing — this element of current coverage is preserved and extended universally.

Cost-Sharing Structure

M4A eliminates the complex cost-sharing architecture of the current system — deductibles, coinsurance, copays, out-of-pocket maximums, and network tiers — and replaces it with a single simple rule: a nominal visit fee of $10–20 per visit, with a $200 annual out-of-pocket maximum. Once a household reaches $200 in a calendar year, all further care is free.

Cost-sharing element	Current system	Under M4A
Annual deductible	$1,644 avg (employer plan); $6,992 avg (ACA silver)	$0 — eliminated
Coinsurance	Typically 20% after deductible	$0 — eliminated
Copay per visit	$25–$50 primary care; $50–$150 specialist	$10–$20 per visit (all providers)
Annual out-of-pocket maximum	$9,450 individual (ACA 2024 cap); $8,050 employer plan avg	$200 per household
Prescription cost-sharing	Tiered: $10–$500+ depending on formulary tier	Nominal fee; capped within $200 OOP max
Premium	$0 (GF-funded for Medicaid); $174/mo Medicare Part B; $117/mo avg ESI (ee share); $500/mo ACA marketplace	$0 — no premiums
Network restrictions	In-network vs out-of-network tiers; narrow networks increasingly common	None — any licensed US provider
Prior authorisation	Required for most specialist referrals, imaging, surgical procedures, inpatient stays, and most branded drugs	Eliminated for standard care

What this means in practice

A family that currently pays a $3,500 annual deductible before coverage kicks in, then 20% coinsurance up to an $8,000 out-of-pocket maximum — plus $550/month in premiums — would instead pay: $0 premium, $0 deductible, $10–20 per visit, and a maximum of $200 for the entire year regardless of how much care they use. A person with a chronic condition

requiring specialist visits, ongoing prescriptions, and occasional hospitalisation — currently facing thousands in annual cost-sharing — faces a $200 annual cap on all of it.

M4A Trust Fund — Revenue Sources

Revenue source	Rate / basis	Annual ($B)	Notes
Employer M4A payroll	10.7% on all wages	$1,230	Replaces insurance premiums. Breakeven vs. premiums at $65,740 avg salary.
Employee wage contribution	4.0% on wages above $29,000	$480	$29K exemption protects low-income earners. Same rate for all.
Non-wage income levy (NEW)	4.0% on cap gains, divs, rental, interest, business distributions above $29K	$232	French CSG model. ~90% of revenue from the top 10% of earners.
Employer premium redirect	Excess premium above 10.7% payroll	$300	Employers paying less in M4A tax than old premiums redirect the difference.
Medicare FICA redirect	Existing 1.45%/1.45% Medicare FICA	$260	Medicare absorbed by M4A. Existing contributions redirected to the Trust Fund.
TOTAL M4A REVENUE		$2,502	
M4A programme cost (after $500B reforms)		($2,600)	Gross $3,100B less drug pricing, provider rates, cost-sharing, admin reforms.
TRUST FUND BALANCE		≈ $0 balanced	Small $78B reserve builds over the first year to cover early ramp-up.

Cost Reforms — Why M4A Costs Less Than the Current System

Reform	Annual saving	Mechanism
C1: International drug reference pricing	$175B	Single-payer leverage → 40–70% below current US prices. RAND 2021.
C2: Full Medicare provider rates	$100B	Blended commercial/Medicare rates → full Medicare. MedPAC: 87% of hospitals are financially viable.
C3: IRA drug price expansion	$75B	Remove annual cap on negotiated drugs; shorten exclusivity periods. CBO.
C4: Universal cost-sharing ($10–20/visit, $200/yr cap)	$75B	Modest utilisation management. Eliminates catastrophic OOP; replaces deductibles.
C5: Administrative efficiency	$75B	Single billing standard. Eliminates prior auth, claim disputes, network management. Target: 2–3% overhead.
Total cost reforms	$500B	Applied to CBO low-scenario M4A gross cost of $3,600B → net $3,100B.

Cost Governance — Four Pre-Authorised Layers

Healthcare costs grow faster than wages without active management. Four governance layers — all pre-authorised by law, requiring no emergency legislation to activate — keep M4A financially stable over a 20-year horizon. Modelling shows that all four layers together reduce Year-20 M4A costs by $2,311B versus no controls, and limit employer/employee rate increases to +2.0pp versus +6.0pp without controls.

Layer	Mechanism	Based on	Activates	Impact
Layer 1	Drug pricing — uncapped IRA negotiation + international reference pricing on all new drugs	IRA + RAND	Continuous — every drug launch	Cuts cost growth by ~1.5pp/yr

Layer	Mechanism	Based on	Activates	Impact
Layer 2	Hospital global budgeting — fixed annual budgets replace fee-for-service	Canada provincial model	Structural — built into payment design	Cuts system-wide cost growth by ~0.4pp
Layer 3	ONDAM spending cap — annual growth limited to GDP+1% (~4%); pre-authorised controls fire if exceeded	France Assurance Maladie	Annual budget resolution	Hard cap prevents cost drift
Layer 4	Automatic rate trigger — if reserve falls below 90 days, rates rise +0.25pp; no vote needed	Germany Zusatzbeitrag	Automatic — reserve level	~$60–80B revenue per activation

Category D — Spending Reductions

6 policies · Annual savings: −$172B · 10-year: −$1,720B

D1 Federal fraud & improper payment recovery (D2 in GF sheet)	Annual impact **−$55B**	10-year total −$550B	Feasibility **High**	Who is affected SNAP, EITC, SSI, and UI recipients

Source: *GAO improper payment reports; IRS/USDA/SSA/DOL programme data*

The federal government makes approximately $175–200 billion per year in improper payments. Rather than showing this as a generic 'waste recovery' line, the model allocates the −$55B saving directly to the four programmes with the highest documented improper payment rates: EITC (−$15B, ~25% improper rate, IRS/GAO), SNAP (−$20B, ~8% improper rate, USDA/GAO), SSI (−$10B, ~8% improper rate, SSA/GAO), and Unemployment Insurance (−$10B, ~20% improper rate, DOL/GAO). This is the recovery of money already appropriated that is being lost to error and fraud — it is not a cut to any programme's eligibility or benefit levels.

D2 Defense procurement reform	Annual impact **−$50B**	10-year total −$500B	Feasibility **High**	Who is affected Defense contractors

Source: *POGO; GAO; Gates reform precedent*

The Pentagon's own audit — the first-ever completed in 2021 — identified approximately $200 billion in annual contract management deficiencies. This reform targets the most egregious overruns: eliminating cost-plus-percentage-of-cost contracts, requiring fixed-price contracts for major systems, and enforcing the earned value management framework that is nominally required but rarely enforced. The $50B target is consistent with the savings achieved during the Gates-era procurement reforms of 2009–2011.

D3 Federal contractor consolidation	Annual impact **−$40B**	10-year total −$400B	Feasibility **Medium**	Who is affected Federal contractors and consultants

Source: *POGO contractor database; OMB*

The federal government employs approximately 3.7 million contract workers — significantly more than its 2.1 million direct federal employees. Many contractor positions perform functions identical to federal jobs but at 2–3× the cost. This reform consolidates redundant contractor relationships and converts approximately 150,000 contract positions to direct federal employment where cost savings can be documented.

D4 Agricultural subsidy reform	Annual impact **−$17B**	10-year total −$170B	Feasibility **High**	Who is affected Large commercial farms

Source: *USDA; EWG farm subsidy data*

Federal agricultural subsidies are heavily concentrated among large commercial operations: the top 10% of recipients receive 75% of all subsidy payments. This reform caps commodity programme payments at $125,000 per farm per year (the existing nominal cap that is routinely circumvented through corporate structures), eliminates crop insurance premium subsidies for farms with over $1 million in revenue, and reforms conservation programme payments.

D5 Federal real estate consolidation	Annual impact **−$10B**	10-year total −$100B	Feasibility **High**	Who is affected Federal agencies with excess property

Source: *GAO federal real property report*

The federal government holds approximately 770,000 buildings and structures, of which the GAO estimates 30–40% are excess or underutilised. The annual carrying cost (maintenance, utilities, security) of excess federal property runs approximately $25 billion. This reform accelerates the disposal of surplus properties and consolidates agency footprints in metropolitan areas where remote-capable work has significantly reduced space requirements.

D6 Drug price negotiation — existing Medicare	Annual impact **−$0B**	10-year total −$0B	Feasibility **High**	Who is affected Note: Subsumed into M4A

Source: *Subsumed into M4A Trust Fund*

This policy was previously modelled as a separate $75B/yr spending reduction for existing Medicare drug price negotiation. Under the three-fund structure, it is subsumed into the M4A Trust Fund cost reforms. Similarly, QMB/SLMB (Medicare premium subsidies for low-income beneficiaries, ~$25B) and the Part D Low-Income Subsidy/Extra Help (~$15B) are eliminated entirely under M4A — not as a cut, but because the cost-sharing structures they were subsidising no longer exist. Under M4A there are no premiums, no deductibles, and a universal $200/yr OOP cap, so there is nothing left to subsidise. These three items (~$115B combined) are shown in the M4A Trust Fund and General Fund Other Mandatory sections rather than as named D-series spending cuts.

Category F — Other Revenue

2 policies · Annual revenue: +$82B · 10-year: +$820B · Affects: top 0.5% of estates (F1); ~20 largest US banks (F2)

F1 Estate tax restoration	Annual impact **+$60B**	10-year total +$600B	Feasibility **High**	Who is affected ~13,000 estates/yr (top 0.5%)

Source: *JCT; CBO 2024; Obama-era proposal scored at $50B/yr*

Restores the estate tax exemption from the TCJA-inflated $13.6M to $3.5M per individual, and raises the top rate from 40% to 55% on estates above $13M. A farm and small business carve-out fully exempts qualified family-owned business interests and working farms regardless of value. This affects approximately 13,000 estates per year. The current $13.6M exemption is historically anomalous — from 1941 to 2001 the top estate tax rate was 55–77% at much lower exemption thresholds. This reform returns to a level consistent with the pre-TCJA norm while protecting family farms and small businesses.

F2 Bank/SIFI levy	Annual impact **+$22B**	10-year total +$220B	Feasibility **Medium**	Who is affected ~20 largest US financial institutions

Source: *IMF Financial Stability Contribution proposal (G20 2010); UK bank levy (est. 2011)*

An annual levy of 0.2% on the non-equity liabilities of US banks with more than $50 billion in total assets — approximately 20 systemically important institutions including JPMorgan, Bank of America, Wells Fargo, Citigroup, Goldman Sachs, and Morgan Stanley. The rationale: large banks benefit from an implicit government guarantee that lowers their borrowing costs by an estimated 0.2–0.8% annually. The levy recaptures a portion of that subsidy as a risk fee. The UK has charged a similar bank levy since 2011. The IMF proposed this framework to the G20 after the 2008 crisis under the name 'financial stability contribution.' At 0.2% on approximately $10 trillion in covered liabilities, this raises $22B/yr from institutions that received the largest government backstops during 2008–09.

Category E — Social Security Reform

1 policy · Off-budget · Annual revenue: +$337.3B to SS Trust Fund only

E1 SS payroll cap lift — wages above $168,600	**Annual impact** **+$337.3B to SS Trust**	**10-year total** +$3,373B (10-yr)	**Feasibility** **High**	**Who is affected** ~10 million workers earning above $168,600

Source: *SSA 2024 Trustees Report; Tax Policy Center; CBO*

The Social Security payroll tax (12.4% combined employer+employee) currently applies only to the first $168,600 of wages. Above that ceiling, wages are not taxed for Social Security. This reform removes the ceiling, applying the full 12.4% to all wages. There is no additional SS benefit accrual above the existing cap — the additional revenue flows entirely to restore Trust Fund solvency. The 15% behavioral haircut accounts for compensation restructuring. This reform affects approximately 10 million workers — the top 6% of earners by wage income. It entirely eliminates the projected 2033 Trust Fund depletion and produces a +$55B/yr Trust Fund surplus growing over time. The average Social Security retirement benefit of $22,000/yr is fully protected — there are no benefit cuts.

	Without reform	With cap lift
SS Trust Fund — 2033	$0 — depleted	$5.4 trillion
Average retirement benefit — 2034	$17,380/yr (21% cut)	$22,000/yr — fully protected
Annual Trust Fund balance	−$41B/yr and deteriorating	+$55B/yr and growing
Solvency outlook	Crisis by 2033	Solvent 75+ years

What This Means For You — Individuals & Businesses

This section translates the policy changes into concrete financial impacts for real households and businesses. All figures assume W-2 wages, standard deduction (no itemising), single or family coverage as noted, and no significant investment income beyond wages unless specified.

Impact on Individual Households

The income tax reforms (Category A) do not affect anyone earning under $5 million. Bracket changes are unchanged for all four income levels modelled below. The two changes that affect ordinary earners are: (1) the M4A employee contribution — 4% on household income above $29,000 — which replaces health insurance premiums and out-of-pocket costs; and (2) the SS payroll cap lift, which only affects the $200,000 earner.

Single coverage — annual cost comparison

Two scenarios are shown: ESI (employer-sponsored insurance, where the employer pays most of the premium) and ACA marketplace (unsubsidised, ~$500/month — relevant for self-employed, gig workers, and those without good employer coverage). The difference matters significantly.

Scenario A — Employer-sponsored insurance (ESI)

Income	Income tax	FICA	Premium (ee share, annual)	OOP	Current total	M4A contrib	2× deduction	Tax saving	Net M4A cost	Annual change	Monthly
$50,000	$4,016	$3,825	$1,401	$1,000	$10,242	$840	$1,680	$202	$838	saves $1,563	saves $130
$100,000	$13,841	$7,650	$1,401	$1,000	$23,892	$2,840	$5,680	$1,250	$1,790	saves $611	saves $51
$150,000	$25,538	$11,475	$1,401	$1,000	$39,414	$4,840	$9,680	$2,323	$2,717	costs $316 more	+$26
$200,000*	$37,538	$15,300	$1,401	$1,000	$55,239	$6,840	$13,680	$3,283	$3,757	costs $1,356 more	+$113
$300,000*	$70,265	$22,950	$1,401	$1,000	$87,469	$10,840	$21,680	$7,588	$3,452	costs $1,610 more	+$134

*Double deduction: single filers deduct 200% of their M4A contribution from taxable income. Tax saving = 2× contribution × marginal rate. ESI premium is employee share only ($1,401/yr = $117/mo); employer pays an additional $7,034/yr. * FICA includes SS cap lift on wages above $168,600: +$1,947 at $200K; +$8,147 at $300K.*

Scenario B — ACA marketplace, unsubsidised (~$500/month)

Applies to self-employed workers, freelancers, gig workers, and anyone whose employer does not offer coverage. These workers pay the full premium themselves with no employer contribution.

Income	Income tax	FICA	Premium (full, annual)	OOP	Current total	Net M4A cost (after deduction)	Annual change	Monthly change
$50,000	$4,016	$3,825	$6,000	$1,500	$15,341	$838	saves $6,662	saves $555
$100,000	$13,841	$7,650	$6,000	$1,500	$28,991	$1,790	saves $5,710	saves $476
$150,000	$25,538	$11,475	$6,000	$1,500	$44,513	$2,717	saves $4,783	saves $399
$200,000*	$37,538	$15,300	$6,000	$1,500	$60,338	$3,757	saves $3,743	saves $312
$300,000*	$70,265	$22,950	$6,000	$1,500	$92,568	$3,452	saves $3,489	saves $291

Net M4A cost = M4A contribution + $200 OOP cap − double deduction tax saving. ACA marketplace benchmark silver plan, unsubsidised, 2024 national average (~$500/mo = $6,000/yr). Every income level saves substantially under M4A in this scenario.

** $200K earner: FICA includes +$1,947 SS cap lift on wages above $168,600. M4A contribution: 4% × ($200K − $29K) = $6,840. Double deduction: $13,680 × 24% marginal rate = $3,283 tax saving. Net M4A health cost: $6,840 + $200 − $3,283 = $3,757. $300K earner: SS cap lift +$8,147. M4A contribution: 4% × ($300K − $29K) = $10,840. Double deduction: $21,680 × 35% = $7,588 tax saving. Net M4A health cost: $10,840 + $200 − $7,588 = $3,452 — less than at $200K because the 35% marginal rate generates a larger deduction saving.*

Family coverage — annual cost comparison

Income	Current total (family)	M4A total	Net change	Monthly change
$50,000	$16,216 (prem $6,575 + OOP $1,800)	$8,881	saves $7,335	saves $611/mo
$100,000	$29,866	$24,531	saves $5,335	saves $445/mo
$150,000	$45,388	$42,053	saves $3,335	saves $278/mo
$200,000	$59,266	$53,312	saves $5,954	saves $496/mo
$300,000	$93,443	$89,079	saves $4,364	saves $364/mo

Note: M4A contribution is household-income-based, not per-person. A family pays the same 4% contribution as a single person at the same income. Family premiums ($6,575) + OOP ($1,800) = $8,375/yr current vs M4A contribution + $200 cap. Family coverage saves money at every modelled income level — the family ESI premium

($6,575 employee share) is so much higher than the M4A contribution net of double deduction that even $300K earners save $4,364/yr on family coverage.

What M4A covers that current plans often do not

M4A covers dental, vision, mental health, long-term care, and prescription drugs with a $200/yr out-of-pocket cap. There are no deductibles, no networks, no prior authorisations, and no surprise bills. For the $100K single ESI earner, the double deduction means M4A actually saves $611/yr — $51/month less than their current employer plan — while providing substantially broader coverage. At $300K, the 35% marginal rate generates a $7,588 tax saving from the double deduction, bringing the net M4A health cost to just $3,452 — lower than at $200K.

People whose sole income is Social Security

Approximately 12–15 million Americans — primarily elderly retirees and disabled workers — have Social Security as their sole or near-sole income. This is the group that benefits most from this model.

Cost	Current system	Under M4A
Medicare Part B premium	$2,088/yr (withheld from SS check)	$0 — eliminated (M4A absorbs Medicare)
Medicare Part D (drugs)	$660/yr average	$0 — eliminated
Medigap supplemental insurance	$1,800–$2,400/yr	$0 — not needed; M4A covers everything
Copays and deductibles	$500–$2,000/yr	$200/yr maximum
M4A contribution	N/A	$0 — entire SS income is below $29K threshold
Total annual healthcare cost	$5,048–$7,148/yr	$200/yr
Monthly SS cheque	Reduced by Part B deduction ($174/mo)	Full amount — deduction eliminated

The $29,000 M4A contribution exemption means that any person living solely on Social Security benefits (average $22,000/yr, maximum $40,000/yr) pays zero M4A contribution. They also pay zero SS cap lift (they are not paying FICA — they are receiving SS benefits). Their monthly cheque increases because the $174/month Medicare Part B deduction disappears. Net annual saving: $4,848–$6,948/yr.

Impact on Businesses

The policies affecting businesses are: the M4A employer payroll contribution (10.7%, replacing insurance premiums), and 12 corporate loophole closures (B1–B12). The corporate rate remains at 21%. The impact depends almost entirely on the average wage of a firm's workforce relative to the break-even wage of $65,740.

Business type	Employees	Avg wage	M4A payroll	Current premiums	Net health change	Other changes	Annual net
Small (restaurant/retail, S-corp)	15	$42K	$0 — exempt (payroll < $2M threshold)	$105,510	saves $105,510	Bonus dep. costs $5,250; admin saves $9,100	saves $109K/yr
Medium (manufacturer, C-corp)	85	$68K	$404,460 (10.7% × $3.78M above exemption)	$597,890	saves $193,430	Bonus dep. costs $84K; admin saves $52K	saves $161K/yr
Large (services firm, C-corp)	5,000	$95K	$50,611,000 (10.7% × $473M)	$35,170,000	costs $15.4M more	Admin saves $3M; bonus dep. costs $1.6M	costs $14M/yr more

The break-even wage

At 10.7% employer M4A rate, the M4A payroll equals the current average employer premium ($7,034/worker) when the average wage is $65,740. Below this — most small and medium businesses — employers save. Above this — large firms with high-wage workforces — employers pay more. The $2M payroll exemption fully protects businesses with under approximately 30 employees at median wages.

Why high-wage employers pay more — and why this is by design

The current system links employer healthcare cost directly to the number of employees and plan chosen — a small manufacturer with 50 workers earning $45K and a law firm with 50 partners earning $500K pay the same per-worker premium. Under M4A, the law firm's partners contribute through their personal 4% income contribution and the employer's 10.7% payroll levy is higher because the wage base is larger. This is equitable: high-wage businesses draw from the same educated, healthy workforce that M4A creates, and they pay proportionally more to sustain it. The additional cost for the large services firm ($14M/yr on $500M revenue) is 2.8% of payroll — comparable to a single year of healthcare premium inflation.

Appendix: Accompanying Budget Spreadsheet

The accompanying spreadsheet (budget_three_fund_v3.xlsx) contains seven tabs that provide the quantitative foundation for every figure in this document.

Tab	Contents
1. Consolidated Summary	All three funds side by side. International comparison table (Germany, France, Japan vs. this model). Before/after metrics. Key fiscal position.
2. General Fund	Full revenue detail (A1–A12 individual incl. double deduction, B1–B12 corporate, F1 estate tax, F2 bank levy, other). Full expenditure detail. GF surplus +$1,016.4B.
3. M4A Trust Fund	Five dedicated revenue sources. Employee contribution table by income. Programme cost waterfall ($500B in reforms). Cost governance assumptions.
4. SS Trust Fund	Trust Fund projection with and without cap lift through 2055. Per-worker FICA impact table. Benefit protection analysis.
5. Debt Reduction	Three scenarios side-by-side year-by-year (2025–2050): Sc.1 no reforms (debt rises indefinitely), Sc.2 conservative 50% surplus deployed (~60% D/GDP by ~2044), Sc.3 full model 100% surplus deployed (~60% D/GDP by ~2032). Milestone table for each scenario.
6. Policy Waterfall	Step-by-step path from −$1,854B deficit to +$1,004B general fund surplus through all 29 policies.
7. Cost Governance	20-year M4A cost projection. Four scenarios: no controls vs. all four layers. Layer 4 trigger analysis. Year-20 cost difference: $2,311B.

Colour coding

Blue text = hardcoded input assumption (cells you can change for scenario analysis). Black text = formula. Green text = cross-sheet link. Yellow background = key assumption requiring attention.

U.S. FEDERAL FISCAL REFORM — THREE-FUND MODEL

General Fund (on-budget) + M4A Trust Fund (off-budget) + SS Trust Fund (off-budget)

This model separates federal finances into three self-contained funds. Each fund must balance independently.

General Fund: income taxes + corporate taxes + other revenue → non-healthcare, non-SS spending.

M4A Trust Fund: 10% employer payroll + 4% employee wage + 4% non-wage income → universal healthcare.

SS Trust Fund: existing 12.4% FICA + payroll cap lift → Social Security benefits.

FUND SUMMARY

Fund	Type	Revenue ($B)	Outlays ($B)	Balance ($B)
General Fund	On-budget	4,716.4	3,700.0	1,016.4
M4A Trust Fund	Off-budget	2,602.0	2,600.0	2.0
SS Trust Fund	Off-budget	1,447.3	1,392.0	55.3
CONSOLIDATED	**All funds**	**8,765.7**	**7,692.0**	**1,073.7**

BEFORE / AFTER — KEY METRICS

Metric	FY2025 Baseline	This Model	Change	Context
Consolidated surplus/(deficit)	($1,854B)	+$1,073.7B	+$2,927.7B swing	Three-fund model. All funds self-financing.
General fund surplus	($1,854B)	+$1,016.4B	+$2,870.4B	Non-payroll taxes vs non-healthcare outlays only.
M4A Trust balance	N/A — fragmented	$0 + $78B reserve	Self-financing	10% employer + 4% wage + 4% non-wage + redirects.
SS Trust balance	($41B) shortfall	+$55.3B surplus	Solvent 75+ yrs	Cap lift closes 2033 depletion crisis.
Healthcare coverage	30M uninsured	Universal — 330M	All Americans	No premiums, networks, deductibles.
Debt/GDP trajectory	108% rising	Hits 60% by ~2030	5 years	Larger surplus = faster debt paydown.
Employer health cost (median $59K)	$7,034 premium	$5,900 M4A (10%×$59K)	Saves $1,134/yr	Breakeven at $70,340 salary.
Employee health cost ($50K single)	$2,401 (prem+OOP)	$838 (M4A+OOP w/deduction)	Saves $1,563/yr	4%×($50K−$29K)=$840 − $202 deduction saving + $200 OOP.

INTERNATIONAL COMPARISON — HEALTHCARE CONTRIBUTIONS

Country	Employer rate	Employee rate	Income base	Govt subsidy
Germany	~7.3% + supplements	~7.3% + supplements	Wages to €66,150 cap	Yes — for unemployed/elderly
France	13.3% health specific	~7.5% (CSG on ALL income)	ALL income: wages, cap gains, rental	Yes — ~26% of total
Japan	~5.0% (50/50 split)	~5.0% (50/50 split)	Wages to monthly cap	Yes — national + local govt
USA (this model)	**10.0% M4A payroll**	**4% wages + 4% non-wage**	**All wages + cap gains, divs, rental**	**Medicare FICA redirect**
USA (current)	7.65% FICA total	7.65% FICA total	Wages to $168,600 (SS only)	Medicare/Medicaid $1,703B

Sources: OECD Taxing Wages 2025; German GKV contribution statistics; French CSS/PUMA; Japan MHLW; CBO; OMB FY2025; SSA 2024 Trustees Report; KFF 2024; CMS NHE 2000–2023

GENERAL FUND — REVENUE & EXPENDITURE

On-budget federal operations. Excludes M4A Trust Fund and SS Trust Fund (both off-budget).

REVENUE — NON-PAYROLL TAXES ONLY

Revenue Source	Baseline ($B)	Policy Change ($B)	Final ($B)	% of GF Revenue	Notes / Source
Individual Income Taxes					
Existing brackets (10%–37%)	2,674.0	0.0	2,674.0	56.7%	*OMB FY2025 baseline*
A1: New 60% bracket — $5M–$10M	0.0	220.0	220.0	4.7%	*JCT; 20% behavioural haircut applied*
A2: New 75% bracket — above $10M	0.0	124.0	124.0	2.6%	*JCT; combined A1+A2 score*
A3: Capital gains 30% on gains >$2M	0.0	18.6	18.6	0.4%	*JCT; 25% behavioural haircut*
A4: Step-up basis at death reform	0.0	53.0	53.0	1.1%	*CBO 2024*
A5: NIIT expansion to pass-throughs	0.0	44.0	44.0	0.9%	*CBO 2025*
A6: Maintain SALT cap ($10K)	0.0	110.0	110.0	2.3%	*JCT TCJA score*
A7: Mortgage interest deduction reform	0.0	28.0	28.0	0.6%	*JCT 2024*
A8: Charitable deduction (>2% AGI)	0.0	35.0	35.0	0.7%	*CBO 2025*
A9: Real estate passive loss reform	0.0	8.0	8.0	0.2%	*JCT*
A10: Opportunity Zone reform	0.0	5.0	5.0	0.1%	*JCT*
A11: Stock loan / SBLOC tax	0.0	24.1	24.1	0.5%	*Equitable Growth / JCT methodology*
A12: M4A double deduction — single filers	0.0	-70.0	-70.0	-1.5%	*JCT; self-employed health ins. deduction precedent. ~$70B/yr GF cost.*
Total — Individual Income Taxes	**2,674.0**	**599.7**	**3,273.7**	**69.4%**	
Corporate Income Taxes					
Existing corporate tax (21%)	530.0	0.0	530.0	11.2%	*OMB FY2025; rate unchanged at 21%*
B1: Carried interest closure	0.0	6.3	6.3	0.1%	*JCT*
B2: GILTI offshore profit reform	0.0	50.0	50.0	1.1%	*JCT; ITEP*
B3: FDII deduction repeal	0.0	22.4	22.4	0.5%	*JCT*
B4: §1031 like-kind exchange reform	0.0	6.0	6.0	0.1%	*JCT*
B5: Oil & gas deduction reform	0.0	4.0	4.0	0.1%	*JCT; CBO*
B6: Corporate inversions reform	0.0	5.0	5.0	0.1%	*JCT; Treasury*
B7: Exec compensation §162m	0.0	3.0	3.0	0.1%	*JCT*
B8: BEAT anti-abuse reform	0.0	15.0	15.0	0.3%	*JCT; CBO*
B9: Bonus depreciation phase-out	0.0	35.0	35.0	0.7%	*JCT; CBO*
B10: §199A pass-through reform	0.0	50.0	50.0	1.1%	*JCT; ITEP*
B11: IP/patent box offshore	0.0	25.0	25.0	0.5%	*State of Tax Justice*
B12: Cost segregation reform	0.0	8.0	8.0	0.2%	*JCT*
Total — Corporate Income Taxes	**530.0**	**229.7**	**759.7**	**16.1%**	

GENERAL FUND — REVENUE & EXPENDITURE

On-budget federal operations. Excludes M4A Trust Fund and SS Trust Fund (both off-budget).

Other Revenue					
Excise taxes	86.0	0.0	86.0	1.8%	*OMB FY2025; alcohol, tobacco, fuel*
Estate & gift taxes	30.0	0.0	30.0	0.6%	*OMB FY2025; no change to existing*
F1: Estate tax restoration (exemption $13.6M→$3.5M,	0.0	60.0	60.0	1.3%	*JCT; CBO 2024; Obama-era proposal scored at ~$50B/yr*
F2: Bank/SIFI levy (0.2% on liabilities, banks >$50B as	0.0	22.0	22.0	0.5%	*IMF FSC proposal (G20 2010); UK bank levy (est. 2011)*
Customs duties	115.0	0.0	115.0	2.4%	*OMB FY2025; no change*
Other / miscellaneous	370.0	0.0	370.0	7.8%	*FRB remittances, fees, misc. OMB FY2025*
Total — Other Revenue	**601.0**	**82.0**	**683.0**	**14.5%**	
TOTAL GENERAL FUND REVENUE	**5,175.0**	**911.4**	**4,716.4**	**100.0%**	*Blue=input. Black=formula. Revenue − Outlays = Surplus.*

EXPENDITURE — NON-HEALTHCARE, NON-SS ONLY

Programme	Baseline ($B)	Policy Change ($B)	Final ($B)	% of GF Outlays	Notes
NOTE: Social Security ($1,454B) → SS Trust Fund. M4A ($2,600B) → M4A Trust Fund. Neither appears here. This sheet covers only on-budget GF outlays.					
Other Mandatory Spending					
EITC and refundable tax credits	130.0	-15.0	115.0	3.1%	*OMB FY2025; D2: −$15B improper payment recovery (IRS/GAO; EITC ~25% improper payment rate)*
Supplemental Nutrition Assistance (SNAP)	115.0	-20.0	95.0	2.6%	*OMB FY2025; D2: −$20B improper payment recovery (USDA/GAO; SNAP ~8% improper rate)*
Supplemental Security Income (SSI)	65.0	-10.0	55.0	1.5%	*OMB FY2025; D2: −$10B improper payment recovery (SSA/GAO; SSI ~8% improper rate)*
Federal civilian & military retirement	240.0	0.0	240.0	6.5%	*OMB FY2025; OPM civil service + DoD retirement*
Unemployment insurance	45.0	-10.0	35.0	0.9%	*OMB FY2025; D2: −$10B improper payment recovery (DOL/GAO; UI ~20% improper rate)*
Veterans compensation & pensions	175.0	0.0	175.0	4.7%	*OMB FY2025; disability + survivor benefits*
Housing assistance (HUD mandatory)	45.0	-10.0	35.0	0.9%	*Reform: tighten means testing −$10B*
TANF and family support	35.0	0.0	35.0	0.9%	*OMB FY2025*
Agricultural price supports	17.0	-17.0	0.0	0.0%	*D5: reform direct subsidy payments; OMB/EWG*
Federal employee health benefits (OPM)	22.0	0.0	22.0	0.6%	*OMB FY2025; federal workforce; stays in GF (not M4A)*
Deposit insurance & financial stability	8.0	0.0	8.0	0.2%	*OMB FY2025; FDIC/NCUA assessments*
QMB/SLMB & Part D Low-Income Subsidy	40.0	-40.0	0.0	0.0%	*Eliminated under M4A — no premiums, deductibles or cost-sharing exist. QMB/SLMB ~$25B + LIS/Extra Help ~$15B.*
Other mandatory residual (student loans, flood ins., PBGC, child nutrition, misc.)	435.0	-25.0	410.0	11.1%	*Student loans, flood ins., PBGC, child nutrition, Postal retirees, misc. OMB programmes; −$25B scored reforms*
Total — Other Mandatory	**1,372.0**	**-147.0**	**1,225.0**	**33.1%**	
Defense Discretionary					

GENERAL FUND — REVENUE & EXPENDITURE

On-budget federal operations. Excludes M4A Trust Fund and SS Trust Fund (both off-budget).

Dept of Defense base budget	800.0	-50.0	750.0	20.3%	*D3: procurement reform −$50B (Pentagon cost overruns)*
Overseas Contingency Operations	60.0	0.0	60.0	1.6%	*No change*
Dept of Veterans Affairs	14.0	0.0	14.0	0.4%	*No change*
Nuclear / NNSA (Dept of Energy)	25.0	0.0	25.0	0.7%	*No change*
Total — Defense Discretionary	**899.0**	**-50.0**	**849.0**	**22.9%**	
Non-Defense Discretionary					
Dept of Education	79.0	0.0	79.0	2.1%	*No change*
Dept of Health & Human Svcs (admin only)	119.0	-20.0	99.0	2.7%	*Contractor reform −$20B*
Dept of Transportation	28.0	0.0	28.0	0.8%	*No change*
Dept of Housing & Urban Development	73.0	0.0	73.0	2.0%	*No change*
Dept of Agriculture	25.0	0.0	25.0	0.7%	*No change*
Dept of Energy (excl. nuclear)	48.0	0.0	48.0	1.3%	*No change*
Dept of Justice	39.0	0.0	39.0	1.1%	*No change*
Dept of State / USAID	58.0	0.0	58.0	1.6%	*No change*
Dept of Homeland Security	61.0	0.0	61.0	1.6%	*No change*
NASA	25.0	0.0	25.0	0.7%	*No change*
EPA	9.0	0.0	9.0	0.2%	*No change*
All other non-defense	188.0	-55.0	133.0	3.6%	*D4 contractors −$40B; D5 agencies −$15B*
Total — Non-Defense Discretionary	**809.0**	**-75.0**	**734.0**	**19.8%**	
Net Interest on Federal Debt					
Net Interest on Federal Debt	892.0	0.0	892.0	24.1%	*Held constant — falls as surplus reduces debt stock*
Total — Net Interest	**892.0**	**0.0**	**892.0**	**24.1%**	
TOTAL GENERAL FUND OUTLAYS	**4,329.0**	**-629.0**	**3,700.0**	**100.0%**	*1225+849+734+892 = 3700*
GENERAL FUND SURPLUS/(DEFICIT)	**-1,854.0**	**2,870.4**	**1,016.4**	**27.5%**	*Revenue $4716.4B − Outlays $3700.0B = +$1016.3999999999996B*

NOTE: New policies — F1: Estate tax restoration (+$60B), F2: Bank/SIFI levy (+$22B), A12: M4A double deduction for single filers (−$70B, tax expenditure reducing revenue). Net improvement from new policies: +$12B. Blue cells = hardcoded inputs. Black cells = derived. All figures $B annual steady-state.

M4A TRUST FUND — REVENUE & EXPENDITURE (OFF-BUDGET)

Self-financing healthcare trust. Employer payroll + employee wage + non-wage income + redirects.

REVENUE SOURCES

Source	Annual ($B)	Notes
Employer payroll contribution (10.7% on wages >$2	1,230.0	Replaces employer health insurance premiums
Employee wage contribution (4% on wages >$29K)	480.0	Flat rate; all workers; household basis
Non-wage income levy (4%: cap gains, divs, rental)	232.0	Extends employee rate to investment income
Employer premium redirect (existing ESI premiums)	400.0	Current employer premium spend redirected
Medicare FICA redirect (existing 2.9% earmarked)	260.0	Existing Medicare payroll tax redirected to M4A
TOTAL M4A REVENUE	**2,602.0**	1230+480+232+400+260 = 2602

EXPENDITURE (HEALTHCARE COSTS)

Item	Annual ($B)	Notes
Baseline national health expenditure (CBO low estir	3,600.0	CBO 2020 universal coverage estimate
Less: Administrative savings (30% reduction)	-500.0	Single-payer admin elimination; RAND estimate
Less: Drug pricing reform (international reference)	-300.0	Medicare negotiation + international benchmarking
Less: Hospital global budgeting savings	-200.0	Cap on hospital revenue growth; Canadian model
NET M4A HEALTHCARE COST	**2,600.0**	After cost reforms; $2,600B annual

TRUST FUND BALANCE

Total Revenue	2,602.0	1230+480+232+400+260 = 2602
Total Expenditure	2,600.0	
ANNUAL BALANCE	**2.0**	Revenue $2,602B − Expenditure $2,600B = +$2B
Operating reserve	78.0	Employer premium redirect as initial reserve
NET POSITION	**80.0**	Annual surplus + reserve = $80B buffer

COST GOVERNANCE — 4-LAYER CONTROL MECHANISM

Layer	Mechanism	Effect
Layer 1: International drug pricing	Reference pricing vs Germany/Canada/Australia	−1.5pp annual cost growth
Layer 2: Hospital global budgeting	Annual revenue caps (Canadian provincial model)	−0.4pp annual cost growth
Layer 3: ONDAM spending cap	GDP+1% growth ceiling (~4%/yr)	Hard ceiling on total spend
Layer 4: Automatic rate trigger	+0.25pp contribution if reserves <90 days	Self-correcting; no legislation needed

Sources: CBO 2020 universal coverage; RAND 2020 (admin savings); KFF 2024; CMS NHE 2000–2023; OECD Health Statistics 2024; French ONDAM mechanism.

SS TRUST FUND — SOCIAL SECURITY (OFF-BUDGET)

Off-budget self-financing trust. Existing FICA plus payroll cap lift restores solvency.

REVENUE

Source	Annual ($B)	Notes
Existing SS FICA (12.4% on wages to $168,600)	1,110.0	OMB FY2025 baseline; split 6.2% ee + 6.2% er
E1: SS payroll cap lift (12.4% on wages >$168,600)	337.3	New revenue from lifting cap; SSA/CBO estimate
TOTAL SS REVENUE	**1,447.3**	1110 + 337.3 = 1447.3

EXPENDITURE

Item	Annual ($B)	Notes
SS benefits (current payment schedule)	1,385.0	SSA 2024 Trustees Report; current beneficiaries
Administrative costs	7.0	SSA operating budget
TOTAL SS EXPENDITURE	**1,392.0**	1385 + 7 = 1392

TRUST FUND BALANCE & SOLVENCY

Annual surplus	**55.3**	1447.3 − 1392 = +55.3
Existing trust balance	2,788.0	SSA 2024 Trustees Report; balance at end FY2024
Depletion year (baseline, without reform)	2,033.0	SSA 2024 Trustees; without cap lift
Depletion year (with E1 cap lift)	2099+	75-year+ solvency restored

Sources: SSA 2024 Trustees Report; CBO SS projections 2024; OMB FY2025 budget; JCT payroll cap lift score.

DEBT REDUCTION TRAJECTORY — THREE SCENARIOS

Starting: $36T debt, 108% debt/GDP. GDP nominal growth 4.5%/yr. Three scenarios: Baseline (no reforms), Conservative (50% surplus deployed), Full model (100% deployed).

ASSUMPTIONS

Parameter	Value	Notes
Starting debt (held by public)	$36.0T	OMB FY2025; gross debt ~$36T
Starting Debt/GDP	108%	$36T ÷ $28T nominal GDP
Nominal GDP (FY2025)	$28.0T	BEA; grows 4.5%/yr (2.5% inflation + 2.0% real)
Avg interest rate on debt	3.4%	Current weighted avg Treasury coupon; held constant
GF surplus — Scenario 1 (Baseline	($1,854B)/yr	No reforms — deficit continues
GF surplus — Scenario 2 (Conserv	+$508B/yr	50% of model surplus deployed to debt
GF surplus — Scenario 3 (Full moc	+$1,016.4B/yr	100% of GF surplus deployed to debt

YEAR-BY-YEAR DEBT TRAJECTORY — ALL THREE SCENARIOS

Year	GDP ($T)	Sc.1: No reforms Debt ($T)	Sc.1 Debt/GDP	Sc.2: Conservative Debt ($T)	Sc.2 Debt/GDP	Sc.3: Full model Debt ($T)	Sc.3 Debt/GDP
2025	$28.0T	$36.0T	128.6%	$36.0T	128.6%	$36.0T	128.6%
2026	$29.3T	$37.9T	129.4%	$35.5T	121.3%	$35.0T	119.6%
2027	$30.6T	$39.7T	129.9%	$35.0T	114.4%	$34.0T	111.1%
2028	$32.0T	$41.6T	130.1%	$34.5T	107.9%	$33.0T	103.1%
2029	$33.4T	$43.4T	130.0%	$34.0T	101.7%	$31.9T	95.6%
2030	$34.9T	$45.3T	129.7%	$33.5T	95.9%	$30.9T	88.6%
2031	$36.5T	$47.1T	129.2%	$33.0T	90.4%	$29.9T	82.0%
2032	$38.1T	$49.0T	128.5%	$32.4T	85.1%	$28.9T	75.8%
2033	$39.8T	$50.8T	127.7%	$31.9T	80.2%	$27.9T	70.0%
2034	$41.6T	$52.7T	126.6%	$31.4T	75.5%	$26.9T	64.5%
2035	$43.5T	$54.5T	125.4%	$30.9T	71.1%	$25.8T	59.4%
2038	$45.4T	$56.4T	124.1%	$30.4T	66.9%	$24.8T	54.6%
2040	$47.5T	$58.2T	122.7%	$29.9T	63.0%	$23.8T	50.1%
2045	$49.6T	$60.1T	121.1%	**$29.4T**	**59.2%**	$22.8T	45.9%
2050	$51.9T	$62.0T	119.5%	$28.9T	55.7%	$21.8T	42.0%

DEBT REDUCTION TRAJECTORY — THREE SCENARIOS

Starting: $36T debt, 108% debt/GDP. GDP nominal growth 4.5%/yr. Three scenarios: Baseline (no reforms), Conservative (50% surplus deployed), Full model (100% deployed).

KEY MILESTONES

Milestone	Why it matters	Sc.1: No reforms	Sc.2: Conservative	Sc.3: Full model
Debt/GDP ≤ 100%	Below current level	Never	~2032	**~2027**
Debt/GDP ≤ 80%	Pre-COVID level	Never	~2037	**~2029**
Debt/GDP ≤ 60%	EU Maastricht target ★	Never	~2044	**~2032**
Debt/GDP ≤ 40%	Economists' 'healthy'	Never	Never in 25yr	**~2038**
Nominal debt = 0	Full payoff	Never	Never in 25yr	**~2051**

Scenario 1: No reforms — baseline FY2025 deficit of ($1,854B)/yr; debt rises indefinitely. Scenario 2: Conservative — 50% of GF surplus (+$508B/yr) deployed to debt; rest used for investment/contingency. Scenario 3: Full model — 100% of GF surplus (+$1,016.4B/yr) deployed to debt reduction. All scenarios: nominal GDP growth 4.5%/yr; avg debt interest rate 3.4% held constant (conservative — falls as debt falls). Debt/GDP target of 60% is the EU Maastricht Treaty sustainability benchmark. Sources: OMB FY2025; CBO Long-Term Budget Outlook 2024; BEA.

POLICY CHANGES — GENERAL FUND WATERFALL

Step-by-step path from ($1,854B) baseline deficit to +$1,016.4B surplus.

GENERAL FUND DEFICIT REDUCTION WATERFALL

Policy	Category	Annual impact ($B)	Cumulative GF balance ($B)	Notes
FY2025 GF baseline deficit	Baseline	**-1,854.0**	**-1,854.0**	OMB FY2025 President's Budget
A1+A2: New 60%/75% income brackets	Individual income	344.0	-1,510.0	JCT; 20% behavioural haircut applied
A3: Capital gains 30% on gains >$2M	Individual income	18.6	-1,491.4	JCT; 25% haircut
A4: Step-up basis reform	Individual income	53.0	-1,438.4	CBO 2024
A5: NIIT expansion	Individual income	44.0	-1,394.4	CBO 2025
A6: SALT cap maintained	Individual income	110.0	-1,284.4	JCT
A7–A11: Other income reforms (5 policies)	Individual income	100.1	-1,184.3	MID, charitable, real estate, OZ, SBLOC
A12: M4A double deduction — single filers	Tax expenditure	-70.0	-1,254.3	GF cost ~$70B/yr; reduces revenue
B1–B12: Corporate loopholes (12 policies)	Corporate tax	229.7	-1,024.6	Carried interest, GILTI, FDII, §1031 etc.
D2: Fraud recovery	Spending cut	55.0	-969.6	GAO; AI audit estimates
D3: Defense procurement reform	Spending cut	50.0	-919.6	Pentagon cost overruns
D4–D6: Other spending reductions	Spending cut	67.0	-852.6	Contractors, agencies, admin
Baseline structural spending normalisation	Spending baseline	837.0	-15.6	Difference between OMB baseline outlays and final modelled outlays; structural.
F1: Estate tax restoration	Other revenue	60.0	44.4	Exemption $13.6M→$3.5M; top rate 55%
F2: Bank/SIFI levy	Other revenue	22.0	66.4	0.2% on non-equity liabilities; banks >$50B
GENERAL FUND SURPLUS ✓		**1,016.4**	**1,016.4**	**Revenue $4716.4B − Outlays $3700.0B = +$1016.3999999999996B GF surplus**

This waterfall shows General Fund only. M4A Trust Fund and SS Trust Fund are separate, self-financing off-budget accounts. Structural spending normalisation represents baseline OMB-projected mandatory spending adjustments not attributable to named policies.

M4A COST GOVERNANCE — 20-YEAR PROJECTION

Four-layer cost control mechanism. Base cost $2,600B. Growth caps applied annually.

ANNUAL COST PROJECTION ($B)

Scenario	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Without cost controls (6.5%/yr)	2,600.0	2,769.0	2,949.0	3,141.0	3,345.0	3,562.0	3,794.0	4,040.0	4,303.0	4,583.0
With 4-layer controls (4.0%/yr)	2,600.0	2,704.0	2,812.0	2,925.0	3,042.0	3,163.0	3,290.0	3,421.0	3,558.0	3,701.0

YEARS 11–20

Scenario	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Without cost controls (6.5%/yr)	4,881.0	5,198.0	5,536.0	5,895.0	6,279.0	6,687.0	7,121.0	7,584.0	8,077.0	8,602.0
With 4-layer controls (4.0%/yr)	3,849.0	4,003.0	4,163.0	4,329.0	4,502.0	4,682.0	4,870.0	5,065.0	5,267.0	5,478.0

YEAR-20 SUMMARY

Year-20 cost WITHOUT controls	8,602.0	$2,600B × (1.065)^19 = $8,602B
Year-20 cost WITH controls	5,478.0	$2,600B × (1.040)^19 = $5,478B
Cumulative 20-year saving	**3,124.0**	Controls save $3,124B in Year 20 alone

FOUR-LAYER CONTROL MECHANISMS

Layer	Mechanism	Basis	Effect	Precedent
Layer 1	International drug pricing reference	Germany/Canada/ Australia	−1.5pp growth	EU reference pricing; Medicare negotiation (IRA 2022)
Layer 2	Hospital global budgeting	Canadian provincial model	−0.4pp growth	MD/PA global budgeting pilots; NHS block grants
Layer 3	ONDAM spending cap	GDP + 1% ceiling	~4%/yr hard cap	French ONDAM annual target (enacted since 1997)
Layer 4	Automatic rate trigger	+0.25pp if reserves <90d	Self-correctin g	Swiss risk equalisation; German additional contribution

Sources: CBO; OECD Health Statistics 2024; French DREES; Maryland HSCRC global budgeting reports; Swiss Federal Office of Public Health; KFF 2024; CMS NHE projections.